United Nations A/CONF.225/PC/3*

General Assembly

Distr.: General
2 April 2014

Original: English

Intergovernmental Preparatory Committee for the Second United Nations Conference on Landlocked Developing Countries
First session
New York, 12-13 June 2014
Item 3 of the provisional agenda**
Preparations for the Conference: briefings and presentations

Report of the regional-level preparatory review meeting for Latin America

Summary

The regional-level preparatory review meeting for Latin America was held on 19 November 2013 in Asunción as part of the preparatory process for the Second United Nations Conference on Landlocked Developing Countries, which will be held in Vienna in November 2014 pursuant to General Assembly resolutions 66/214 and 67/222. The present report provides an account of the meeting and its outcome.

* Reissued for technical reasons on 2 May 2014.
** A/CONF.225/PC/1.

14-28725* (E) 060514

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I. Attendance and organization of work

1. In preparation for a comprehensive 10-year review of the implementation of the Almaty Programme of Action, the Second United Nations Conference on Landlocked Developing Countries, a regional meeting was held in Asunción on 19 November 2013 pursuant to General Assembly resolutions 66/214 and 67/222.

2. Representatives of the following States members of the Economic Commission for Latin America and the Caribbean (ECLAC) attended: Argentina, Bolivia, (Plurinational State of), Brazil, Chile, Paraguay and Peru.

3. Also participating in the meeting, were representatives of the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States, on behalf of the United Nations Secretariat, and a representative of the Group of Landlocked Developing Countries.

4. Representatives of the following organizations of the United Nations system also attended: the United Nations Conference on Trade and Development (UNCTAD), the Food and Agriculture Organization of the United Nations and the United Nations Development Programme.

5. Representatives of intergovernmental organizations and international cooperation agencies also attended the meeting.

6. The representative of Paraguay was elected to preside over the meeting.

II. Agenda

7. The meeting adopted the following agenda:

1. Election of officers and adoption of the agenda.
2. Review of the implementation of the Almaty Programme of Action at the global, regional and national levels.
3. New and emerging challenges facing landlocked developing countries in Latin America and international support measures.

III. Proceedings

Opening session

8. At the inaugural session, statements were made by Federico González, Deputy Minister for Economic Affairs and Integration of the Ministry for Foreign Affairs of Paraguay, Antonio Prado, Deputy Executive Secretary of ECLAC, and Gyan Chandra Acharya, High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.

9. The Deputy Minister for Economic Affairs and Integration of Paraguay welcomed the participants and said that the purpose of the meeting was to contribute, from a Latin American perspective, to the revision of the Almaty Programme of Action, adopted in 2003. The documents that would serve as the basis for the debate recognized that important headway had been made in the landlocked developing countries while acknowledging that major challenges lay ahead. Limited

physical infrastructure, logistical failings and a lack of institutions and legislation were among the main obstacles to development in landlocked countries.

10. The Deputy Executive Secretary of ECLAC thanked the Government of Paraguay for its hospitality and support in the organization of the meeting and referred to the close cooperation between ECLAC, the Governments and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States since the adoption of the Almaty Programme of Action in 2003. He said that the landlocked status of those countries, together with their remoteness and isolation from the main international markets, left them heavily dependent on transit countries for maritime trade, which had a direct impact on their economic growth. Without a coastline, they were unable to participate fully in international trade and their comparative advantages were accordingly diminished, prejudicing their ability to foster social development and environmental sustainability.

11. The Deputy Executive Secretary of ECLAC said that although Paraguay and the Plurinational State of Bolivia had made significant progress in various areas of development, in particular by improving their connectivity and customs procedures, challenges remained, in particular in the area of infrastructure. He listed various strategic steps that could be taken at the national and multilateral levels, such as establishing macroeconomic stabilization mechanisms, promoting investment in infrastructure, encouraging greater production diversification, generating knowledge on logistics costs and their impact on development, addressing the shortfall in physical infrastructure investment, correcting operational inefficiencies in transport services, harmonizing technical standards with those of neighbouring countries, fostering tourism opportunities and participating fully in the knowledge society.

12. The High Representative thanked the Government of Paraguay for its support and highlighted the important role it had played since the first regional preparatory meeting on landlocked developing countries was held in Asunción in 2003. He also said that Paraguay had coordinated the Group of Landlocked Developing Countries in New York in 2010 and 2011 and that it was currently a member of the Bureau of the Group. He highlighted the contribution of ECLAC to promoting the implementation of the Almaty Programme of Action in the region. The regional meeting represented a unique opportunity for landlocked developing countries to assess the implementation of the Almaty Programme of Action and to define a new strategic framework for the following decade.

13. The High Representative acknowledged that landlocked developing countries had very high expectations for the 2014 conference. Developing countries expected that the new programme of action would be robust and would reflect the specific needs of landlocked countries. The Secretary-General of the United Nations was aware of those expectations and had pledged his full support for the Conference.

Review of the implementation of the Almaty Programme of Action at the global, regional and national levels

14. The first plenary session, on the theme "Review of the implementation of the Almaty Programme of Action at the global, regional and national levels", was moderated by a representative of ECLAC.

15. The Director of the Office of the High Representative presented an overview of landlocked developing countries in other regions. She referred to four priority areas: fundamental transit policy issues; infrastructure development and maintenance; international trade and trade facilitation; and international support measures.

16. The Chief of the Infrastructure Services Unit of the Natural Resources and Infrastructure Division of ECLAC then presented an assessment of implementation of the Almaty Programme of Action at the regional level.

17. The head of operator services at the Vice-Ministry of Transport of the Plurinational State of Bolivia presented an up-to-date overview of that country in terms of transport, export, import and logistics. He said that as a State Member of the United Nations, the Plurinational State of Bolivia shared the objectives of the Almaty Programme of Action, in particular those relating to free and safe access from and to the sea and the policies for improving customs procedures, trade and transport.

18. He added that the Plurinational State of Bolivia shared the special needs of the other landlocked developing countries and said that those needs should be addressed in a spirit of understanding and multilateral cooperation. The international commitment towards those countries would enhance their socioeconomic and human development, which was hampered by lack of access to the sea, isolation and high transport costs.

19. He described the geography of the country, including its numerous, extensive and diverse borders, and the topographical isolation it suffered owing to its unreliable and inadequate infrastructure;[1] those same factors also severely constrained the growth and development of the country's productive sectors. Most products for export were transported by road, making the international highways the most important exit routes. He detailed the modes of transport used for import and export, and highlighted the country's achievements in the area of transport, including the project on the bi-national border service centre in Desaguadero, Peru, the strides made towards signing the supplementary protocol to the Ilo agreements between the Plurinational State of Bolivia and Peru and the special economic and industrial free trade zones.

20. The Plurinational State of Bolivia was working on the final phase of a new general transport law. The land infrastructure investment projects were mentioned, most of which focused on the main transport corridors, on building railroads between Montero and Bulo Bulo and investing in airports in different localities. The primary transport challenges in the country were: (a) the unreliability and inadequacy of its transport infrastructure compared with that of its neighbours and the corresponding impact on the competitiveness of its export products;

[1] The Plurinational State of Bolivia's rail network is 3,697 km long and is divided into the western and eastern sectors. There are no connections between the two, which limits the use of rail as a transportation mode. Export products are transported primarily using bi-oceanic corridors of ground transportation and international highways. Of the country's 14 airports 4 are international. They are located in the cities of La Paz, Cochabamba, Santa Cruz and Tarija. All are managed by Bolivian Airport Services Company. The country has 14,000 km of navigable waterways, the most important of which is the Paraguay-Paraná waterway.

(b) excessive bureaucracy at border crossing points; and (c) a lack of harmonization in neighbouring countries' customs procedures.

21. Transport plans, programmes and projects in the Plurinational State of Bolivia included developing airport infrastructure by modernizing and equipping all airport terminals and training all staff; building a national Matacucito-Mutún-Puerto Busch rail network for mineral exportation; improving and developing the transport logistics infrastructure; and paving and maintaining all primary and secondary networks. Reference was also made to plans to implement early warning systems and to the risk management programme, air-monitoring systems that would provide greater control and more statistical data, the establishment of standards to regulate the authorization and renewal of ground transportation permits and standards, the development of a national network and waterway, the improvement and maintenance of waterways and the establishment of signalling systems on the waterways and at ports.

22. Lastly, the speaker emphasized that cooperation with other countries was key to greater competitiveness.

23. The coordinator of the national logistics plan and the master transport plan of Paraguay presented his country's experiences and also referred to the regional dimension, connectivity and transport policies, infrastructure development and maintenance, international trade and trade facilitation. He briefly described the current international challenges, but said that trade within the Andean Community and the Southern Common Market (MERCOSUR) was very limited in comparison with other trading blocs. There was considerable potential for expanding trade, but it would require modernization of the transport systems in the countries of the region, particularly in Paraguay and the Plurinational State of Bolivia. Regional physical integration efforts were very important, in particular the portfolio of projects making up the Initiative for the Integration of the Regional Infrastructure of South America, which was the technical forum of the South American Infrastructure and Planning Council. Nevertheless, the projects in the portfolio needed to be executed, which would require significant future investment.

24. A representative of Paraguay said that his country and the Plurinational State of Bolivia were in an enviable position because of the wealth of their natural resources but that the productive sectors needed better connections in order to have access to ports on the coast, especially on the Atlantic, in order to be competitive. There were various congestion points in Paraguay, caused, for example, by inadequate bridge capacity at border crossing points and a lack of paved roads between Paraguay and the Plurinational State of Bolivia. He also mentioned depth issues in Atlantic ports and highlighted the importance of enhancing Paraguay's integration with the Plurinational State of Bolivia.

25. The transport policy associated with the transport flow system and existing agreements with transit countries, including the International Land Transport Agreement, were mentioned along with a subgroup of MERCOSUR, dedicated to regulatory and integration processes for the facilitation of cargo flow. Paraguay was working on vehicle inspections, civil liability, the transport of dangerous goods and truck weight and emissions.

26. With regard to the master transport plan and the national logistics plan of Paraguay, the representative said that although the master plan was generating an

infrastructure matrix in which an efficient supply would lead to lower costs, the national logistics plan sought, over and above cost-cutting, to attract value to the hinterland in a way that would have a favourable impact on economic development and growth.

27. He described the impact of the ban on transporting transgenic soybeans through Paraná State in Brazil on the modal distribution of international transportation used by Paraguay. He added that it was also important to promote the development of the rail system. With regard to the master transport plan, $5.3 billion would be invested in infrastructure development over the following 10 years, a large share of which would come from the private sector. Paraguay had a law on public-private partnerships, a concessions law and a procurement law. The regulatory system would require reform in order to establish coordination within the State and ensure that efficient investments were made.

28. Referring to product competitiveness challenges arising from the ratio of freight density to value, he recommended that further efforts be made to analyse costs and cost overruns in the country's logistics chains. Although numerous export facilitation mechanisms had been implemented, such as single export and import windows, secure trade standards and container control programmes, the performance of the mechanisms still required attention.

29. The representative said that while the recent economic performance had been good, it needed to be accompanied by effective State policies, since operator or market development without appropriate regulation often led to significant lags. The establishment of private ports in the metropolitan region of Asunción had caused problems, and better coordination was needed between the different actors in logistics chains.

30. The representatives of the transit countries present at the meeting (Argentina, Brazil, Chile and Peru) agreed that planning was a vital long-term policy tool and that there was a need to develop integrated and complementary infrastructure, transport and logistics policies. They described their countries' experiences in that area, but said that efforts needed to be intensified.

31. The representative of Brazil thanked the participants and, in particular, the representatives of Paraguay and the Plurinational State of Bolivia for their presentations. He said that the existing cooperation must be intensified and agreed that the Initiative for the Integration of the Regional Infrastructure of South America, now part of the South American Infrastructure and Planning Council, was important. There were 31 priority projects, 13 of which directly benefited Paraguay and the Plurinational State of Bolivia. He also emphasized the importance of the Paraguay-Paraná waterway and the need to further incorporate the regulations of the Intergovernmental Committee on the Waterway.

32. He then referred to MERCOSUR, in particular the transport subgroup, and said that the Plurinational State of Bolivia was in the process of joining the group. He talked about the financial dimension and regional efforts within the bloc, in particular the MERCOSUR structural convergence fund and the recently inaugurated transmission line between Itaipú and Asunción.

33. The representative of Chile thanked the meeting organizers and said that collaboration, dialogue and cooperation with landlocked countries were very important for her country. The South American Infrastructure and Planning Council

and the Initiative for the Integration of the Regional Infrastructure of South America were crucial, as they had drawn attention to regional bilateral and multilateral connectivity needs and the processes that would have to be incorporated in the interface with physical connectivity. Transit policies should include key actors, and the International Land Transport Agreement was important, as were integrated systems for border checks and customs cooperation. They were essential for non-discriminatory and truly efficient functioning, whereby unilateral national policies did not take precedence over the common vision.

34. She requested that cooperation efforts between landlocked and transit countries being pursued through the International Land Transport Agreement be redoubled and that they focus on modernizing certain aspects of the agreement.

35. The representative said that geography posed huge challenges for the development of infrastructure in general and border infrastructure in particular (owing to the high altitude and the need to cross the Andes) and the considerable costs involved in relation to power connectivity and basic services. As an example, she mentioned the unified border control agreements that Chile had signed with Argentina, Peru and the Plurinational State of Bolivia, which called for investments to upgrade infrastructure for purposes of integration. Chile was very interested in establishing unified border controls and furthering current efforts with its three neighbours and the representative mentioned in particular the planned investments in Chungará-Tambo Quemado on the border of Chile with the Plurinational State of Bolivia.

36. The representative expressed regret that infrastructure development was lagging behind growth in trade. She mentioned free long-term storage systems, which could be implemented much more effectively if countries worked together to adopt more modern methodologies, and stressed the country's interest in making headway on that subject with the landlocked countries.

37. She commented on the document submitted by ECLAC, stressing the need to supplement and update data and some findings, in particular with respect to the status of the rail network in Chile, and to specify the cost structure attributed in the study to waiting times at the border and at trans-shipment points. Chile was working with the Plurinational State of Bolivia to restore the rail network connecting the two countries. She requested that in-depth analyses be carried out on cost overruns relating to logistics to determine where in the chain the overruns were being generated and who was responsible for them. She explained that prior to their shipment from Chilean ports, minerals were stocked free of charge over long periods; indeed, Chile provided storage services free of charge for Bolivian cargo under the free transit regime.

38. The representative of the Ministry of Transport of Chile commended the efforts made by ECLAC and expressed his appreciation for the assessments presented by the delegations of the Plurinational State of Bolivia and Paraguay on the transit situation. He recalled that a normative framework had been agreed upon in the International Land Transport Agreement, signed by all of the Southern Cone countries. Changes in line with technological advances could be made, which would make it possible to eliminate some of the more bureaucratic problems at the meeting. Within the framework of a future agreement between Argentina and Chile, provision should be made for investment in information and communications technologies, especially in more remote areas, such as the southern regions of those

two countries. The aim was to cut down on bureaucracy and to make the transporter alone responsible for carrying the documentation. Web-based systems reduced waiting times. It was important to collaborate on compliance with phytosanitary regulations.

39. The representative of Chile further explained that investments in technology were the most relevant in the short term and were being applied, for example, in the electronic permit for closed transport circuits (Arica and Punta Arenas). A supplementary electronic permit could reduce the usual processing time of 60 to 90 days to just a few days.

40. In response to questions about possible solutions, Chile stressed that it was important not to insist on the presence of a legal agent to handle compliance with phytosanitary and zoosanitary regulations in other countries.

41. Chile had signed an agreement with Brazil for integrating customs and phytosanitary databases to facilitate transport and traffic checks. Peru and Chile had run a training programme for public officials, which included at least 10 unified controls to facilitate transportation between the two countries. It was important to integrate information technology and use electronic media to facilitate the procedures because that was a way to reduce logistics costs.

42. A representative of Paraguay highlighted the need to generate knowledge about logistics costs and their impact on development. On that matter, he requested support in the form of courses or training from ECLAC, UNCTAD and the Office of the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States.

43. He said that more information was needed regarding successful experiences with respect to simplifying customs procedures and suggested that ECLAC compile those experiences and find a way to promote their implementation in other countries. With regard to the future programme, there was already a solid basis for working towards more concrete measures that would benefit landlocked countries.

44. A representative of Paraguay highlighted the transit policy. Landlocked countries required differential treatment by financial bodies when it came to financing infrastructure and other projects and in dealing with the World Trade Organization and trade facilitation, which should be considered in the plan of action. The fibre-optic ring would also be very important, as discussed by the South American Infrastructure and Planning Council in 2011, and would serve to improve and lower the cost of connections in South America.

New and emerging challenges facing landlocked developing countries in Latin America and international support measures

45. The second plenary session was chaired by a representative of ECLAC.

46. Under the above agenda item, the participants examined the challenges facing landlocked developing countries in Latin America, including how to lessen their vulnerability to external factors such as rising and volatile food and fuel prices and financial and economic crises, how to deal with the consequences of climate change and how to reduce poverty and social and economic inequality. Regional experts in infrastructure, transport, logistics and trade facilitation formulated recommendations

to guide landlocked developing countries in Latin America and to help them tackle those challenges and achieve sustainable and inclusive development.

47. A representative of the National Telecommunications Commission of Paraguay referred to an ECLAC study from February 2012, that concluded that the cost of international Internet connectivity for countries such as Paraguay and the Plurinational State of Bolivia envisaged for border crossing points, providing access at 2 megabytes per second, represented approximately 40 per cent of the total services tariff. He said that at the World Conference on International Telecommunications, held in Dubai in December 2012, a resolution had been adopted on special measures for landlocked developing countries and small island developing States, with a view to promoting better access to the international fibre-optic network. In November 2011, the South American Infrastructure and Planning Council had set up a working group on telecommunications for the establishment of a South American fibre-optic ring, and requested that the subject be included in the programme of action.

48. The representative of UNCTAD reiterated that support was available from his organization for landlocked countries and agreed with the representative of Paraguay that it was important to know the logistics costs. He said that while transport was essentially concerned with moving freight, the logistics chain comprised an entire series of prior, intermediary and subsequent steps, with the result that pre-shipment corresponded to a logistics rather than a transport cost.

49. He said that UNCTAD offered workshops and invited the countries' transport and logistics operators to explain how they worked from a business and public administration point of view. The Regional Freight Logistics Observatory of the Inter-American Development Bank could contribute to operator training, and it was possible to generate knowledge by institutionalizing data collection.

50. He also referred to the logistics observatory of Uruguay and to Paraguay's efforts along the same lines. The logistics observatory was a body that institutionalized the generation of knowledge of information rather than information itself. The representative also mentioned the joint efforts undertaken by UNCTAD and the World Bank in Africa, describing the technological options for providing information to border crossing points in advance so that not only customs officers, but also the police, migration authorities and environmental agencies could have prior access to the necessary information on a vehicle's movements and cargo. He also presented the "corridor" concept, which was being implemented in Africa.

51. In the comments that followed, delegations focused on the specific needs of landlocked developing countries.

Closing session

52. During the closing session, statements were made by the Deputy Executive Secretary of ECLAC, the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States and the representative of Paraguay.

53. The representative of Paraguay, in his capacity as Chair, summed up the main themes dealt with by the meeting (see annex).

Annex

Report of the Chair

Drawing on the document prepared by the Economic Commission for Latin America and the Caribbean (ECLAC), which served as the basis for our discussions, in addition to the statements made by the countries and agencies that participated in the event, I have summarized what I consider to be some of the key points made during our meeting:

- Based on the analysis of the situation in South America, on the studies carried out by ECLAC, and on the report presented by the High Representative for the Least Developed Countries, Landlocked Developing Countries and Small Island Developing States to the sixty-eighth session of the General Assembly of the United Nations, landlocked developing countries have made headway since the adoption of the Almaty Programme of Action, as reflected in most of the indicators considered. Nevertheless, progress has been insufficient and countries continue to be affected by the problems associated with their landlocked status, while cooperation with transit countries must be furthered.

- Both Paraguay and the Plurinational State of Bolivia have made strides in various areas of development, particularly in relation to their connectivity and their customs procedures, while social conditions have improved significantly.

- However, it is also recognized that those countries, as well as other landlocked developing countries, are extremely vulnerable because they export a limited number of products with low value added. Greater production diversification is thus needed, for which countries must have effective market access.

- Freedom of movement continues to be a major factor in the logistics and trade performance of landlocked developing countries.

- Without a coastline, it is difficult for those countries to participate fully in international trade, and their comparative advantages are accordingly diminished. There is data to suggest that economic development in landlocked developing countries is, on average, 20 per cent lower than it would have been if the country had a coastline.

- Thus, there is a need to enhance the special and differential treatment for landlocked developing countries in the different spheres of negotiation.

- It was reiterated that their landlocked status, together with their remoteness and isolation from major international markets, left those countries heavily dependent on transit countries for maritime trade and generated cost overruns in their commercial transactions. The statistics presented showed that transport costs in landlocked developing countries exceeded those of a representative coastal economy by 45 per cent.

- The role of regional integration mechanisms in trade facilitation and physical integration was thus highlighted. The meeting participants proposed to deepen the regional integration process and work towards common logistics and mobility policies, promoting forums for joint action by the public and private sectors as well as their proper subregional coordination.

- There was a need to update bilateral and regional legal instruments with a view to improving their provisions.
- Studies also show that a considerable proportion of the cost of commercial operations relates to intangible infrastructure: cross-border procedures, policies, legislation, transit procedures, logistics and regulatory regimes.
- Another problem affecting landlocked countries is the stress placed on their infrastructure as a result of infrastructure and service shortfalls.
- The exploration of potential advantages of using public-private financing to address the shortfall of investments in physical infrastructure was also raised.
- The need to place emphasis on integrating the main points of entry (airports, ports, etc.) with the hinterland was discussed.
- The participants also proposed to work together on improving the regulations governing transit traffic to and from landlocked developing countries and improving the operational and bureaucratic practices at border crossing points.
- More effort should be made to raise awareness of logistics costs and their impact on development.
- Information could potentially be shared regarding best practices introduced by countries in their bilateral relations that affect the import, export and transit of goods.
- The studies showed that the services sector, particularly tourism, needed to be developed as a way of diversifying the economy.
- Another aspect mentioned was connectivity, which could be boosted through greater access to information technologies and international fibre-optic networks.